



**Press Release**  
**PRASOL CHEMICALS LIMITED (erstwhile PRASOL CHEMICALS PRIVATE LIMITED)**  
**January 06, 2026**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	339.29	ACUITE A+   Stable   Reaffirmed	-
Bank Loan Ratings	90.00	-	ACUITE A1+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	429.29	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE A+**' (read as **ACUITE A plus**) on Rs. 339.29 crore bank facilities and short-term rating of '**ACUITE A1+**' (read as **ACUITE A one plus**) on Rs. 90.00 crore bank facilities of Prasol Chemicals Limited (Erstwhile Prasol Chemicals Private Limited) (PCL). The outlook is '**Stable**'.

**Rationale for rating**

The rating reaffirmation reflects the sustained profitability margins during the current fiscal year, indicating continued business traction. The rating also considers the stabilization of the company's operating performance in FY25 compared to the previous year. Furthermore, the rating draws comfort from PCL's long operational track record and the extensive industry experience of its management team. Revenue growth is supported by higher demand, increased sales volumes, and improved price realizations. In addition, PCL's financial risk profile remains strong, characterized by a comfortable net worth, conservative leverage, and robust debt protection metrics. Liquidity is adequate, aided by healthy cash accruals relative to repayment obligations and low utilization of fund-based bank limits. However, the rating remains constrained by PCL's working capital-intensive operations, while profitability continues to be susceptible to input price volatility and rising competition.

**About the Company**

Incorporated in 1992, Prasol Chemicals Limited (PCL) is a Navi Mumbai-based company engaged in the manufacturing of acetone- and phosphorus-based specialty chemicals. The company is managed by Mr. Nishith Shah and Mr. Gaurang Parikh, along with eight other directors (five on the Board and five Independent). PCL has undertaken forward integration into specialty chemicals used across more than 30 verticals, including home and personal care, pharmaceuticals, agrochemicals, lubricants, and coatings. As of date, the company operates two manufacturing facilities located at Khalapur and Mahad.

**Unsupported Rating**  
Not Applicable



Acuité has considered the standalone financial and business risk profile of PCL to arrive at the rating.

## **Key Rating Drivers**

### **Strengths**

#### **Long Track Record of Operations and Experienced Management**

Founded in 1992, PCL is a Navi Mumbai-based enterprise engaged in manufacturing phosphorus- and acetone-based chemicals used in solvent-based paints, insecticides, and motor oils. The company is promoted by metallurgical engineers Mr. Nishith Shah and Mr. B. K. Gupta, who collectively bring over three decades of experience, including more than two decades in the organic chemicals industry. PCL operates a dedicated research and development center that facilitates collaborative product development with customers, enabling customized solutions aligned with client expectations and consumer preferences, while ensuring shorter lead times. The company maintains a global distribution network across more than 45 countries in Asia, North America, and the European Union, and holds certification as a Three Star Export House by the Government of India. Acuité believes PCL will continue to derive benefits from its established market position and experienced management team.

#### **Healthy Financial Risk Profile**

The financial risk profile of the company is characterized by a healthy net worth, low gearing levels and strong debt-protection metrics. The tangible net worth stood at Rs. 365.83 Cr. as on March 31, 2025, compared to Rs. 324.00 Cr. as on March 31, 2024. The company adheres to a conservative leverage policy, as reflected in its low gearing of 0.28 times as on March 31, 2025, against 0.25 times in the previous year. Total debt outstanding as on March 31, 2025, was Rs. 101.53 Cr., up from Rs. 82.60 Cr. as on March 31, 2024. This comprises long-term debt of Rs. 44.06 Cr., working capital borrowings of Rs. 43.31 Cr., and CPLTD of Rs. 14.16 Cr. The total outside liabilities to tangible net worth (TOL/TNW) ratio remained stable at 0.97 times as on March 31, 2025, unchanged from the previous year. Debt-protection metrics improved, with the debt service coverage ratio (DSCR) at 2.46 times in FY2025 versus 1.32 times in FY2024, while the interest coverage ratio (ICR) stood at 11.52 times in FY2025 compared to 6.04 times in FY2024. The company has planned a capex of Rs. 350 Cr over the next two years, fully funded through internal accruals. Of this, Rs. 200 Cr will be for expanding existing products, while Rs. 150 Cr will be for new product lines based on internal R&D projects.

Acuité expects PCL's financial risk profile to remain healthy, supported by strong net worth, low gearing, improved coverage metrics, and planned capex aimed at enhancing operational efficiency and earnings.

#### **Diversified Customer Base and Effective Forex Risk Management**

PCL faces low customer concentration risk, with the top 10 customers contributing only about 20–25 per cent of total revenue in FY2024. The company serves a diversified customer base across 30+ verticals, including home and personal care, pharmaceuticals, agrochemicals, lubricants, and coatings, and counts reputed names such as Coromandel International Limited, P.I. Industries Limited, Lubrizol India Private Limited, and Bharat Petroleum Corporation Limited among its clients. Additionally, PCL manages foreign exchange risk through specialized software and benefits from a natural hedge, as export sales account for around 27 per cent of revenue against imports of approximately 57 per cent of raw material requirements. The company further mitigates forex risk by procuring raw materials in bulk. Acuité believes that PCL's diversified customer base and proactive forex risk management will continue to support business stability and reduce operational risks.

### **Weaknesses**

#### **Moderately Intensive Working Capital operations**

The company's operations are working capital intensive, reflected in gross current asset

(GCA) days of 134 for FY2025, unchanged from FY2024. Inventory days stood at 60 days in FY2025 compared to 45 days in FY2024, while the average production cycle is approximately one day (24 hours). Debtor days increased to 72 in FY2025 from 67 in FY2024, whereas creditor days were 98 in FY2025 against 95 in FY2024 (based on cost of sales). The company has a reputed clientele, including Coromandel International Limited, P.I. Industries Limited, Lubrizol India Private Limited, and Bharat Petroleum Corporation Limited. About 70–80 per cent of orders is repeat business, and monthly scheduling helps optimize production planning. The average utilization of fund-based limits remained low at around 30 per cent (calculated on drawing power), while non-fund-based facilities were moderately utilized at approximately 62 per cent over the six months ended November 2025. Acuité believes that while PCL's operations will remain working capital intensive, its strong client relationships and structured production planning will help mitigate associated risks.

### **Susceptibility of Profitability to Input Price Volatility and Increasing Competition**

The company's profitability remains vulnerable to fluctuations in input prices, which can significantly impact cost structures and margins. Additionally, the chemical industry is highly fragmented, with numerous players in both organized and unorganized segments, leading to intense competition and limited pricing flexibility. These factors exert pressure on margins and overall profitability. Acuité believes that exposure to input price volatility and competitive pressures will continue to weigh on the company's profitability, despite its established market presence.

### **Rating Sensitivities**

- Consistent Improvement in the scale of operations and profitability
- Elongation of the working capital cycle, resulting in pressure on liquidity.
- Deterioration in the financial risk profile owing higher than envisaged debt funded capex

### **Liquidity Position Adequate**

The company's liquidity position is adequate, supported by sufficient net cash accruals (NCAs) against maturing debt obligations. The company has generated net cash accruals of Rs. 66.85 Cr. against repayment obligations of Rs. 22.56 Cr. in FY2025. Going forward, accruals are expected to remain in the range of Rs. 80–95 Cr. against obligations of Rs. 15–20 Cr. The average utilization of fund-based limits stood low at around 30 per cent, while non-fund-based facilities were moderately utilized at approximately 62 per cent over the six months ended November 2025. The current ratio stood at 1.30 times as on March 31, 2025, and unencumbered cash and bank balance was around Rs. 12 Cr. Acuité believes that PCL's adequate liquidity, supported by healthy accruals and low fund-based utilization, will continue to provide financial flexibility.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	1015.54	880.02
PAT	Rs. Cr.	43.57	18.14
PAT Margin	(%)	4.29	2.06
Total Debt/Tangible Net Worth	Times	0.28	0.25
PBDIT/Interest	Times	11.01	6.04

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Nov 2024	Cash Credit	Long Term	0.50	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	36.50	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	8.16	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	10.80	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	15.84	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	9.75	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE A+   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	70.24	ACUITE A+   Stable (Reaffirmed)
	Working Capital Demand Loan (WC DL)	Long Term	20.00	ACUITE A+   Stable (Reaffirmed)
	Working Capital Demand Loan (WC DL)	Long Term	52.50	ACUITE A+   Stable (Reaffirmed)
	Working Capital Demand Loan (WC DL)	Long Term	70.00	ACUITE A+   Stable (Reaffirmed)
	Working Capital Demand Loan (WC DL)	Long Term	36.00	ACUITE A+   Stable (Reaffirmed)
	Letter of Credit	Short Term	30.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	40.00	ACUITE A1+ (Reaffirmed)
11 Aug 2023	Cash Credit	Long Term	0.50	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	2.40	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	56.50	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	4.25	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	12.80	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	5.00	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	12.24	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	17.60	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	23.76	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	13.50	ACUITE A+   Stable (Reaffirmed)
		Long		ACUITE A+   Stable

Cash Credit	Term	15.00	(Reaffirmed)
Proposed Long Term Bank Facility	Long Term	23.24	ACUITE A+   Stable (Reaffirmed)
Letter of Credit	Short Term	30.00	ACUITE A1+ (Reaffirmed)
Letter of Credit	Short Term	40.00	ACUITE A1+ (Reaffirmed)
Letter of Credit	Short Term	36.00	ACUITE A1+ (Reaffirmed)
Letter of Credit	Short Term	42.50	ACUITE A1+ (Reaffirmed)
Letter of Credit	Short Term	70.00	ACUITE A1+ (Reaffirmed)

**Annexure - Details of instruments rated**

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
IDBI Bank Ltd.	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE A+   Stable   Reaffirmed
CITI Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	36.50	Simple	ACUITE A+   Stable   Reaffirmed
KOTAK MAHINDRA BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.00	Simple	ACUITE A+   Stable   Reaffirmed
DBS Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A+   Stable   Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A1+   Reaffirmed
IDBI Bank Ltd.	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A1+   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.40	Simple	ACUITE A+   Stable   Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Term Loan	07 Mar 2025	Not avl. / Not appl.	07 Mar 2031	47.00	Simple	ACUITE A+   Stable   Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Term Loan	08 Oct 2021	Not avl. / Not appl.	08 Oct 2027	5.44	Simple	ACUITE A+   Stable   Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Term Loan	09 Mar 2023	Not avl. / Not appl.	09 Mar 2028	7.64	Simple	ACUITE A+   Stable   Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Term Loan	08 Oct 2021	Not avl. / Not appl.	08 Oct 2027	10.56	Simple	ACUITE A+   Stable   Reaffirmed
KOTAK MAHINDRA BANK LIMITED	Not avl. / Not appl.	Term Loan	07 Dec 2021	Not avl. / Not appl.	07 Dec 2027	6.75	Simple	ACUITE A+   Stable   Reaffirmed
CITI Bank	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A+   Stable   Reaffirmed
	Not	Working		Not	Not			ACUITE



DBS Bank Ltd	avl. / Not appl.	Capital Demand Loan (WCDL)	Not avl. / Not appl.	avl. / Not appl.	avl. / Not appl.	52.50	Simple	A+   Stable   Reaffirmed
ICICI BANK LIMITED	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	70.00	Simple	ACUITE A+   Stable   Reaffirmed
KOTAK MAHINDRA BANK LIMITED	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	36.00	Simple	ACUITE A+   Stable   Reaffirmed

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### About Acuité Ratings & Research

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